Stock Options for Employees of Multinational Companies

683. SHRI NAGENDRA NATH OJHA: Will the Minister of FINANCE be pleased to state:

(a) whether multinational companies offer stock options to employees of their Indian subsidiaries;

(b) whether such stock options are offered on attractive financial terms; and

(c) what steps the Reserve Bank of India is taking to encourage exercise of stock options by such Indian employees?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Some of the multinational companies offer stock option facilities to employees of their Indian subsidiaries/joint ventures.

(b) Generally stock options are offered on attractive financial terms.

(c) At present employees in India of branches/offices/wholly owned subsidiaries of foreign companies can acquire shares of their parent companies under share purchase scheme. The employees of joint venture companies in India can accept stock option facilities offered by the foreign companies. While under shares purchase, remittance is allowed upto US$ 750 once in a block of five years, no remittance is allowed under stock option scheme. RBI have decided to enhance the ceiling of US$ 750 under the share purchase scheme to US$ 10,000 in a block of five year per employees and extend the above remittance facility to the employees of joint venture companies with majority foreign shares holdings i.e. 51% and above.

Investment in Foreign Ventures

684. SHRI NAGENDRA NATH OJHA: Will the Minister of FINANCE be pleased to state:

(a) the amount permitted by Reserve Bank of India to Indian companies to invest in foreign ventures;

(b) the amount permitted by Reserve Bank of India to Indian employees of subsidiaries of multinational companies to exercise stock options in such multinational companies; and

(c) why are Indian employees of subsidiaries of multinational companies discriminted *vis-a-vis* Indian companies in relation to investments in foreign companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Overseas Investments of Indian corporates are governed by the Government's guidelines on Indian investments overseas, which prescribe different ceilings for individual investment proposal primarily on the basis of the mode of funding. Following are the figures of approval for overseas investment of Indian corporates:

Year	Amout in US$ in ml.
1996-97	285.63
1997 (April to Oct.97)	381.94

(b) Employees in India of branches/ offices/wholly owned subsidiaries of foreign companies are allowed remittances of US$ 750/- in a block of five years for acquiring the shares of foreign companies.

RBI have decided to enhance the ceiling of US$ 750/- to US$ 10,000 in a block of five years and extend the above remittance facility to the employees of joint venture companies with majority foreign share holding, i.e. 51% and above.

(c) There is no discrimination. Different regulations apply to the two categories as the nature of investments involved is fundamentally different.